



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

FEB 16 2024

Release Number: 202419028

Release Date: 5/10/2024

Re: Submission requesting the use of plan-specific base substitute mortality tables

Taxpayer =

EIN: -

Plan for which base substitute mortality tables are requested:

Plan =

EIN: - (Plan No. )

Other information relevant to this ruling:

Merging Plan =

EIN: - (Plan No. )

Merger Date =

Dear :

This letter is to inform you that your request to use base substitute mortality tables for making computations under section 430 of the Internal Revenue Code ("Code") for the Plan has been granted with respect to the populations specified in this letter. This ruling is effective for a period of up to 5 plan years beginning with the plan year commencing November 1, 2024 for the Plan. Approval has been granted in accordance with section 430(h)(3) of the Code and section 303(h)(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

This ruling was originally requested in a letter postmarked on August 28, 2023. An amended request was provided on November 9, 2023 to revise some of the exhibits. Additionally, supplemental information was provided on November 13, 2023 and November 21, 2023.

This approval applies to the following specific populations of the Plan:

- Combined male annuitants and nonannuitants
- Combined female annuitants and nonannuitants

Disabled participants were included in each population along with the healthy participants.

The Plan previously received a ruling, dated September 3, 2019, granting the use of substitute mortality tables, effective for a period up to 5 plan years beginning with the plan year commencing November 1, 2019. The approved use of the substitute mortality tables currently being used will expire on October 31, 2024.

The Taxpayer is the plan sponsor for the Plan, which is the only qualified defined benefit plan subject to section 430 of the Code maintained within the Taxpayer's controlled group. The Plan is not newly-acquired and the Taxpayer does not sponsor any multiple-employer plans.

During the experience study period, there was a terminated vested lump sum window offering in . The Taxpayer has assumed a full year exposure for these participants. All other participants leaving during the year for reasons other than death are assumed to exit the population in the middle of the plan year.

Additionally, during the experience study period, the Merging Plan merged completely and entirely into the Plan on the Merger Date. The pre- and post-merger mortality experience for the Merging Plan was included in the experience study for the proposed base substitute mortality tables.

The Taxpayer has elected to use the simplified rule under section 1.430(h)(3)-2(c)(2)(ii)(B) of the Treasury Regulations ("Regulations") in which the experience study only takes into account people who are at least age 50 and less than age 100.

The Taxpayer has elected to use a single mortality ratio for both genders in accordance with section 1.430(h)(3)-2(d)(6) of the Regulations.

The Taxpayer's request is made in accordance with section 430(h)(3)(C)(i) of the Code, section 303(h)(3) of ERISA, section 1.430(h)(3)-2 of the Regulations, and Revenue Procedure 2017-55.

Section 430(h)(3)(A) of the Code states, in relevant part, that upon request by the plan sponsor and approval by the Secretary, a mortality table shall be used in determining any present value or making any computation under section 430 of the Code during the period of consecutive plan years (not to exceed 10) specified in the request.

Section 430(h)(3)(C)(i) of the Code states, in relevant part, that upon request by the plan sponsor and approval by the Secretary, a mortality table which meets the requirements of clause (iii) shall be used in determining any present value or making any computation under section 430 of the Code during the period of consecutive plan years (not to exceed 10) specified in the request.

Section 430(h)(3)(C)(ii) of the Code states, in relevant part, that a substitute mortality table shall cease to be in effect as of the earliest of:

- (I) the date on which there is a significant change in the participants in the plan by reason of a plan spinoff or merger or otherwise, or
- (II) the date on which the plan actuary determines that such substitute mortality table does not meet the following requirements of section 430(h)(3)(C)(iii) of the Code.

Section 430(h)(3)(C)(iii) of the Code states, in relevant part, that a mortality table meets the requirements of this section if:

- (I) there is a sufficient number of plan participants, and the pension plans have been maintained for a sufficient period of time, to have credible information necessary, and
- (II) such substitute mortality table reflects the actual experience of the pension plans maintained by the sponsor and projected trends in general mortality experience.

Section 1.430(h)(3)-2(c)(2)(ii)(B) of the Regulations states, in relevant part, that whether there is a credible mortality information for a gender may be determined by only taking into account people who are at least age 50 and less than age 100.

Section 1.430(h)(3)-2(c)(3) of the Regulations states, in relevant part, that a plan's substitute mortality tables must be generational mortality tables. Additionally, the base year for the base substitute mortality table is the calendar year that contains the day before the midpoint of the experience study period.

Section 1.430(h)(3)-2(c)(6)(ii) of the Regulations states, in relevant part, that a plan's substitute mortality tables must not be used beginning with the earliest of:

- (A) For a plan using a substitute mortality table for only one gender, the first plan year for which there is full or partial credible mortality information with respect to the other gender that had lacked credible mortality information (unless an approved substitute mortality table is used for that gender),
- (B) The first plan year in which the plan fails to satisfy the requirement that other plans and populations in the controlled group must also use substitute mortality tables unless it can be demonstrated that they do not have credible mortality information (taking into account the transition period for newly affiliated companies),
- (C) The second plan year following the plan year for which there is a significant change in individuals covered by the plan as described in section 1.430(h)(3)-2(c)(6)(iii) of the Regulations,
- (D) The plan year following the plan year in which a substitute mortality table used for a plan population is no longer accurately predictive of future mortality of that population, as determined by the Commissioner or as certified by the plan's actuary to the satisfaction of the Commissioner, or
- (E) The date specified in guidance published in the Internal Revenue Bulletin pursuant to a replacement of mortality tables specified under section 430(h)(3)(A) of the Code and section 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables or changes to the mortality improvement rates.

Section 1.430(h)(3)-2(c)(6)(iii) of the Regulations states, in relevant part, that a significant change in the individuals covered by a substitute mortality table for a plan year occurs:

- (A) if the number of individuals covered by the substitute mortality table for the plan year is less than 80% or more than 120% of either the average number of individuals in that population over the years covered by the experience study on which the substitute mortality tables are based. However, a change in coverage is not treated as significant if the plan's actuary certifies in writing to the satisfaction of the Commissioner that the substitute mortality tables used for the population continue to be accurately predictive of future mortality of that population (taking into account the effect of the change in the population), or
- (B) if the number of individuals covered by the substitute mortality table in a plan year for which a certification described in paragraph (c)(6)(iii)(A) was made on account of a prior change in coverage. However, a change in coverage is not treated as significant if the plan's actuary certifies in writing to the satisfaction of the Commissioner that the substitute mortality tables used by the plan with respect to the covered population continue to be accurately predictive of future mortality of that population (taking into account the effect of the change in the population).

Section 1.430(h)(3)-2(d)(2) of the Regulations states, in relevant part, that the experience study period must consist of 2, 3, 4, or 5 consecutive 12-month periods, and must be the same period for all populations. The last day of the experience study period must be less than 3 years before the first day of the first plan year for which the substitute mortality tables are to apply.

Section 1.430(h)(3)-2(d)(6) of the Regulations states, in relevant part, that base substitute mortality tables for a plan may be constructed by developing and applying a single mortality ratio for both genders, but only if the substitute mortality tables used for all plans maintained by members of the plan sponsor's controlled group (except for plans for which both the male and female populations, considered separately, have mortality experience with full credibility) are constructed in this manner. If this option is applied for a plan then, for all plans maintained by members of the plan sponsor's controlled group, whether both the male and female populations within the plan have credible mortality information (and, if that combined population's mortality experience does not have full credibility, the partial credibility weighting factor for the plan) is determined using the combined mortality experience for both genders.

Section 1.430(h)(3)-2(e)(1) of the Regulations states, in relevant part, that if the actual number of deaths is less than the full credibility threshold, then the base mortality rates are determined using a partial credibility weighting factor.

Section 8 of Revenue Procedure 2017-55 states, in relevant part, that the average number of individuals within the population during the experience study period and the number of individuals within the population as of the last day of the plan year immediately preceding the plan year during which approval to use substitute mortality tables is requested must be provided in tabular form for each population within the plan (or plans within the aggregated group) for which approval to use substitute mortality tables is requested, aggregating all plans that have the same plan year.

The Taxpayer's proposed base substitute mortality tables were developed based on an experience study period from \_\_\_\_\_ with a base year of \_\_\_\_\_. This satisfies the requirements under sections 1.430(h)(3)-2(c)(3) and (d)(2) of the Regulations.

The Taxpayer's proposed base substitute mortality tables were developed by adjusting the applicable standard mortality tables in section 1.430(h)(3)-1(d) of the Regulations, using the mortality ratio and credibility weighting factor individually determined for each population, as shown in the table below.

#### Mortality Ratio and Credibility Weighting Factor

Population	Mortality ratio	Credibility weighting factor
Combined male and female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)		

The Taxpayer's proposed mortality ratio and credibility weighting factor were determined combining experience of male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants), and female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants).

This approval applies to the following specific populations for the Plan:

- Male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants).
- Female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants).

Based on the information provided by the Taxpayer, no population of the Plan lacks credible mortality experience. Therefore, there are no populations for which the standard mortality tables will be used for calculations under section 430 of the Code.

In granting this approval, we have only considered whether the Taxpayer's base substitute mortality tables were developed in accordance with section 1.430(h)(3)-2 of the Regulations and Revenue Procedure 2017-55. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request.

Permission is hereby granted to use the base substitute mortality rates shown in the table below for the Plan. The base substitute mortality rates below were confirmed by the Taxpayer's authorized representatives on January 22, 2024.

**Base Substitute Mortality Tables**  
**Approved for use beginning with the plan year commencing**  
**November 1, 2024 for the Plan**  
**Base year 2020**

<b>Age</b>	<b>Male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)</b>	<b>Female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)</b>
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<b>Age</b>	<b>Male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)</b>	<b>Female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)</b>
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Age	Male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)	Female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)
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Age	Male annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)	Female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)
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The above base substitute mortality rates were developed based on an experience study period from \_\_\_\_\_ with a base year of 2020.

The Internal Revenue Service ("IRS") has reviewed the Taxpayer's proposed base substitute mortality rates and supporting information, and has determined that based on the information submitted, the proposed base substitute mortality rates are developed in accordance with section 1.430(h)(3)-2 of the Regulations and Revenue Procedure 2017-55.

The approved base substitute mortality rates must be applied on a generational basis, as provided in section 1.430(h)(3)-2(c)(3) of the Regulations.

Your attention is called to section 430(h)(3)(C)(ii) of the Code and section 1.430(h)(3)-2(c)(6)(ii) of the Regulations, which describe the circumstances in which the use of the base substitute mortality tables will terminate before the end of the 5-year period described above. In general, the base substitute mortality tables can no longer be used as of the earliest of:

- (A) For a plan using a substitute mortality table for only one gender, the first plan year for which there is full or partial credible mortality information with respect to the other gender that had lacked credible mortality information (unless an approved substitute mortality table is used for that gender),
- (B) The first plan year in which the plan fails to satisfy the requirements of section 1.430(h)(3)-2(c)(1) of the Regulations, regarding the requirement that other plans and populations in the controlled group must also use substitute mortality tables unless it can be demonstrated that they do not have credible mortality information (taking into account the transition period for newly-affiliated companies in section 1.430(h)(3)-2(f)(3) of the Regulations),
- (C) The second plan year following the plan year for which there is a significant change in individuals covered by the plan as described in section 1.430(h)(3)-2(c)(6)(iii) of the Regulations,
- (D) The plan year following the plan year in which a substitute mortality table used for a plan population is no longer accurately predictive of future mortality of that population, as determined by the Commissioner or as certified by the plan's actuary to the satisfaction of the Commissioner, or

- (E) The date specified in guidance published in the Internal Revenue Bulletin pursuant to a replacement of mortality tables specified under section 430(h)(3)(A) of the Code and section 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables or changes to the mortality improvement rates.

Section 1.430(h)(3)-2(c)(6)(iii) of the Regulations provides that the use of the approved base substitute mortality tables must be discontinued after a significant change in coverage unless the plan's actuary certifies in writing to the satisfaction of the Commissioner that the substitute mortality tables used for the population continue to be accurately predictive of future mortality of the population (taking into account the effect of the change in the population). A significant change in coverage occurs if the number of individuals covered by the substitute mortality table for a plan year is less than 80% or more than 120% of either:

- (A) the average number of individuals in that population over the years covered by the experience study on which the substitute mortality table is based, or
- (B) the number of individuals covered by the substitute mortality table in a plan year for which a certification described in section 1.430(h)(3)-2(c)(6)(iii)(A) of the Regulations was made.

For reference, the average headcount of combined male and female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants) in the Plan over the years covered by the experience study, as well as the most recent number of combined male and female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants) under the Plan, are as follows:

	<b>Combined male and female annuitants (including disabled annuitants) and nonannuitants (including disabled nonannuitants)*</b>
Average headcount during the experience study period	
Headcount as of	

\* This is based on all participants of the Plan and not just the participants involved in the experience study because the Taxpayer is using the simplified method under section 1.430(h)(3)-2(c)(2)(ii)(B) of the Regulations.

A certification must be provided each plan year that it is required under the Regulations, as described above, signed by the enrolled actuary for the Plan, stating that the approved base substitute mortality tables continue to be accurately predictive of the expected future mortality for participants in the Plan. The certification must also contain a statement that:

- (1) The enrolled actuary is current with educational requirements set forth by the Joint Board for the Enrollment of Actuaries as well as any other actuarial designations asserted;
- (2) The enrolled actuary was personally involved in the determination that the base substitute mortality tables are still accurately predictive and provides the actuary's best estimate for the Plan;

- (3) In determining that the base substitute mortality tables are still accurately predictive, the enrolled actuary took into consideration the effect of business combinations, plan mergers or spinoffs and settlements/other risk transfers, and other events that would have similar effects on the relevant populations; and
- (4) The enrolled actuary has the specific knowledge and experience to make the judgements set forth above and attests to these representations.

All required certifications must be provided on or before the date Form 5500 is filed for each plan year for which the certification is required and must be accompanied by the supporting information relied upon by the enrolled actuary to make that certification. To the extent possible, please also provide the following supporting information:

- (1) The number of actual deaths during the experience study period used to develop the base substitute mortality tables and the beginning and ending dates of the experience study period;
- (2) A table showing the number of expected deaths and actual deaths, reported separately as of \_\_\_\_\_ and for each subsequent plan year through the plan year immediately preceding the most recent actuarial valuation, and in total;
- (3) A table similar to the stability demonstration required under section 8 of Revenue Procedure 2017-55, showing the average number of participants in the population covered by the base substitute mortality tables during the experience study period and the number of participants in that population as of the end of each plan year, beginning with \_\_\_\_\_ through the plan year immediately preceding the most recent actuarial valuation, expressed both as a headcount and as a percentage of the average number of participants in the experience study;
- (4) A table showing a comparison of (i) the average ages and (ii) the percentage of the population, by the following monthly single life annuity brackets: under \$100, between \$100 and \$250, between \$250 to \$500, between \$500 to \$1,000, between \$1,000 and \$1,500, and \$1,500 and over, along with the average age and average benefit amount for the population in total. This information should also be provided for each population in the experience study and at the end of each plan year, beginning with the valuation date for the first plan year that the certification is required, through the date immediately preceding the most recent actuarial valuation at the time the information is reported; and
- (5) An explanation of any material changes in the population.

This information must be provided to Mr. David M. Ziegler (or to another individual designated by the IRS) to the following address:

Internal Revenue Service  
 Attn: Mr. David M. Ziegler  
 TE/GE: SE:T:EP:RA:T:A2  
 1111 Constitution Ave, NW  
 IR-6213  
 Washington, DC 20224-0002

Failure to provide this information by the due date may result in a requirement that the standard mortality tables must be used for purposes of section 430 of the Code, beginning with the earlier of:

- (1) the plan year for which the deadline for providing this information is missed, or
- (2) the date required for early termination of the use of the base substitute mortality tables pursuant to section 1.430(h)(3)-2(c)(6)(ii) of the Regulations.

This ruling is directed only to the Taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

This ruling may be revoked or modified retroactively if there was a misstatement or omission of controlling facts, the facts at the time of the transaction are materially different from the controlling facts on which this ruling is based, or the transaction involves a continuing action or series of actions, and the controlling facts change during the course of the transaction.

When filing the Form 5500 for the Plan for plan years which the base substitute mortality tables are used, please note the information that is required to be attached to Schedule SB (Actuarial Information) in accordance with the instructions to the Schedule SB of Form 5500.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representatives. Additionally, a copy of this letter ruling is being sent to the Manager, EP Classification Group 4 in Houston, Texas.

If you wish to inquire about this ruling, please contact \_\_\_\_\_ (ID Badge Number \_\_\_\_\_) at (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_. Please address all correspondence to SE:T:EP:RA:T:A2.

Sincerely,

David M. Ziegler, Manager  
Employee Plans Actuarial Group 2

Enclosures

- Notice 437, Notice of Intention to Disclose (Rulings)
- A deleted copy of the ruling

cc: